

# IRS News Release

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## **IRS and Tax Treaty Partners Target Liechtenstein Accounts**

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WASHINGTON — The Internal Revenue Service is initiating enforcement action involving more than 100 U.S. taxpayers to ensure proper income reporting and tax payment in connection with accounts in Liechtenstein.

The national tax administrations of Australia, Canada, France, Italy, New Zealand, Sweden, United Kingdom, and the United States of America, all member countries of the OECD's Forum on Tax Administration (FTA), are working together following revelations that Liechtenstein accounts are being used for tax avoidance and evasion.

"Combating off-shore tax avoidance and evasion are high priorities for the IRS," said IRS Acting Commissioner Linda Stiff. "We are determined to protect the United States tax system from abuse and ensure that taxpayers pay what they owe. We will use all our authority to fairly and effectively enforce our tax laws. It should be clear from recent events that there is no safe hiding place for the proceeds of tax avoidance and evasion. Anyone with hidden income and gains would be well-advised to make a prompt and complete disclosure to the Internal Revenue Service."

The IRS receives information from many sources that can result in enforcement activities to ensure all taxpayers are in compliance with the tax laws. The United States maintains a robust network of bilateral tax treaties and tax information exchange agreements with foreign nations to ensure mutual interests in transparency and cooperation in addressing potential tax abuse. These exchanges of information provisions are vital to addressing the challenges of ever-expanding flows of capital, people, and transactions across borders.

All the countries now working together were represented at the FTA September 2006 meeting in Seoul, Republic of Korea, when Tax Commissioners from more than 30 countries identified the use of tax haven bank accounts as a major threat to successful tax administration. More recently, at the FTA 2008 Meeting in Cape Town, South Africa, the Commissioners agreed to further study the role of banks in tax compliance. The Commissioners will continue to re-examine the effectiveness of measures in place to protect revenue bases.